San Diego Unified School District

Proposition S Bond Finance Overview
Proposition S Authorization

• $2.1 billion of bonds authorized by voters
• 68.71% voter approval on November 4, 2008
• Secured by general obligation (“G.O.”) property tax
• Extends current Prop. MM tax rate of $66.70 / $100,000 of assessed property value
• Prop. S bond program assumptions:
  ✓ Expected phased issuances
  ✓ $170 million 1st issuance in May 2009
  ✓ At least $100 mm expected to be available annually thereafter
  ✓ Bonds issued with 25 year maturities (option for longer term)
  ✓ Bonds expected to be issued over 15 years or less
Borrowing Constraints

• District assessed valuation (“A.V.”)
  ✓ Slowing A.V. growth delays ability to borrow
  ✓ Program originally anticipated 5% annual A.V. growth rate

• Interest rates / market environment
  ✓ Higher rates and turmoil in financial markets reduce ability to borrow
  ✓ Model assumes following interest rates:
    ▪ Current market rates for first issuance
    ▪ 5.5% rate for current interest bonds
    ▪ 6.0% rate for capital appreciation bonds

• Legal restrictions
  ✓ Education Code (25 year maturities w/ ascending payments)
  ✓ Government Code (40 year maturities w/ substantially level payments)

• Approved combined maximum tax rate of $66.70 / $100,000 of A.V. for Prop. MM and Prop. S Authorizations
Assessed Valuation Growth

• A.V. growth key component of ability to borrow
• FY 2009/10 legal debt capacity of approximately $3.4 billion
• Current real estate turmoil directly impacts Proposition S
• Fortunately Prop. 13 limitations now reduce downside potential
• A.V. grew by 2.6% in 2008/09
• Future A.V. growth rate assumptions:
  ✓ 2009/10 – (1.3)%
  ✓ 2010/11 – 0.0%
  ✓ 2011/12 – 2.0%
  ✓ 2012/13 – 2.0%
  ✓ 2013/14 – 3.0%
  ✓ 2014/15 – 4.0%
  ✓ 2015/16 (and thereafter) – 5.0%
Historic District A.V. Growth

10-Year average SDUSD A.V. growth rate is 9.0%

20-Year average SDUSD A.V. growth rate is 6.6%
Historic Borrowing Rates

20-Year Average of the Bond Buyer 20-Year G.O. Index is 5.53%

10-Year Average of the Bond Buyer 20-Year G.O. Index is 4.89%


Bond Buyer 20-Year G.O. Index 20-Year Average 10-Year Average
# Estimated Issuance Schedule

<table>
<thead>
<tr>
<th>Series</th>
<th>Issuance Date</th>
<th>Est. Amount</th>
<th>Est. Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>April 2009</td>
<td>$170 mm</td>
<td>July 1, 2033 (24 years)</td>
</tr>
<tr>
<td>Series B</td>
<td>August 2010</td>
<td>$100 mm</td>
<td>July 1, 2035 (25 years)</td>
</tr>
<tr>
<td>Series C</td>
<td>August 2011</td>
<td>$75 mm</td>
<td>July 1, 2036 (25 years)</td>
</tr>
<tr>
<td>Series D</td>
<td>August 2012</td>
<td>$80 mm</td>
<td>July 1, 2037 (25 years)</td>
</tr>
<tr>
<td>Series E</td>
<td>August 2013</td>
<td>$80 mm</td>
<td>July 1, 2038 (25 years)</td>
</tr>
<tr>
<td>Series F</td>
<td>August 2014</td>
<td>$80 mm</td>
<td>July 1, 2039 (25 years)</td>
</tr>
<tr>
<td>Series G</td>
<td>August 2015</td>
<td>$85 mm</td>
<td>July 1, 2040 (25 years)</td>
</tr>
<tr>
<td>Series H</td>
<td>August 2016</td>
<td>$85 mm</td>
<td>July 1, 2041 (25 years)</td>
</tr>
<tr>
<td>Series I</td>
<td>August 2017</td>
<td>$95 mm</td>
<td>July 1, 2042 (25 years)</td>
</tr>
<tr>
<td>Series J</td>
<td>August 2018</td>
<td>$110 mm</td>
<td>July 1, 2043 (25 years)</td>
</tr>
<tr>
<td>Series K</td>
<td>August 2019</td>
<td>$130 mm</td>
<td>July 1, 2044 (25 years)</td>
</tr>
<tr>
<td>Series L</td>
<td>August 2020</td>
<td>$150 mm</td>
<td>July 1, 2045 (25 years)</td>
</tr>
<tr>
<td>Series M</td>
<td>August 2021</td>
<td>$175 mm</td>
<td>July 1, 2046 (25 years)</td>
</tr>
<tr>
<td>Series N</td>
<td>August 2022</td>
<td>$210 mm</td>
<td>July 1, 2047 (25 years)</td>
</tr>
<tr>
<td>Series O</td>
<td>August 2023</td>
<td>$475 mm</td>
<td>July 1, 2053 (30 years)</td>
</tr>
</tbody>
</table>